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Press release

The Law on the issuance of government bonds for execution by the Ministry of Finance of the payment obligations derived from state guarantees no. 807 of 17 November 2014 and no. 101 of 1 April 2015 has been published in the Official Monitor of the Republic of Moldova.

In accordance with the provisions of this Law, government bonds in the total amount of MDL 13341200000 have been issued and transferred to the National Bank on 4 October 2016. This is the amount of emergency loans granted by the central bank to "Banca de Economii" S.A., BC "Banca Socială" S.A. and BC "Unibank" S.A., which have not been repaid on the date of the government bonds issuance.

The aforementioned amount was divided into 25 issuances of government bonds, with maturities from 1 to 25 years. The government bonds with maturities of 1-9 years have been issued with a fixed-interest rate of 1.4 percent annually, while those with maturities of 10-25 years with a fixed-interest rate of 5.3 percent annually. The interest will be paid semi-annually, excluding the interest for the first year of issuance, which will be paid at the end of the year.

An inflation rate of 5 percent annually was taken into consideration to establish the effetive interest rate for all issuances. This is the level to which the National Bank aims in promoting the inflation targeting regime with a possible deviation of ±1.5 percentage points. (An inflation level estimated as optimal for the economic growth and development of the Republic of Moldova on medium term.)

Thus, the effective interest rate for the aforementioned issuances, determined at the inflation target level, will allow to keep in real terms the value of debt at the time of bonds issuance.

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Banca de Economii S.A. [1]

Banca Socială S.A. [2]

Unibank S.A. [3]

BC [4]

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